

SECURITY AGREEMENT—CHATTEL MORTGAGE

KNOW ALL MEN BY THESE PRESENTS, that GARVEY GRAIN, INC., a corporation organized and existing under and by virtue of the laws of the State of KANSAS (hereinafter referred to as the "Mortgagor"), in consideration of the sum of Ten Dollars (\$10.00) to it in hand paid by CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking association (hereinafter referred to as the "Mortgagee"), having its principal place of business in the City of Chicago, County of Cook and State of Illinois, the receipt whereof is hereby acknowledged, does hereby grant, sell and convey unto Mortgagee, its successors and assigns, the fifteen 100 ton triple covered hopper cars bearing the Mortgagor's car numbers 661X101 to 115. (Such covered hopper cars are hereinafter collectively called the "Equipment").

TO HAVE AND TO HOLD the Equipment unto Mortgagee, its successors and assigns, to its and their sole use forever. And Mortgagor, for itself and its successors and assigns, does hereby covenant to and with Mortgagee and its successors and assigns that Mortgagor is lawfully possessed of the Equipment, that the Equipment is Mortgagor's own property, that Mortgagor has title thereto free from all claims, liens, charges and encumbrances, and that Mortgagor and its successors and assigns shall warrant and defend title to the Equipment to Mortgagee, its successors and assigns, against all claims, demands and rights of all persons whatsoever.

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INTERSTATE COMMERCE COMMISSION

PROVIDED, nevertheless, that the Equipment granted, sold and conveyed hereunder by Mortgagor to Mortgagee, shall secure the performance by Mortgagor of all Mortgagor's obligations to pay principal and interest on the promissory note (Note) of the Mortgagor in the principal amount of \$155,250 issued pursuant to a certain Term Loan Agreement (Loan Agreement) dated July 20, 1973, between Mortgagor and Mortgagee, together with all other sums and amounts, if any, now or hereafter owed under the Loan Agreement.

AND PROVIDED, that if and from and after such time as Mortgagor, its successors or assigns shall have paid to Mortgagee or its successors and assigns all amounts of principal and interest on the Note and other sums and amounts, if any, now or hereafter owing under the Loan Agreement, then this Security Agreement-Chattel Mortgage (Security Agreement) shall be void; otherwise, this Security Agreement shall remain in full force and effect.

IT IS HEREBY COVENANTED AND DECLARED by Mortgagor to and with Mortgagee that:

1. Mortgagor will pay promptly all taxes and assessments which may be imposed upon the Equipment or for the use thereof, or upon the earnings arising therefrom or the operation thereof, or upon Mortgagee by reason of its security interest therein by any jurisdiction in which the Equipment is operated by Mortgagor, and will keep at all times all and every part of the Equipment free and clear of all taxes and assessments which might in any way affect the Mortgagee's security interest;

provided, however, that the Mortgagor shall be under no obligation to pay any taxes, assessments, licenses, charges, fines or penalties of any kind so long as it is contesting in good faith and by appropriate legal proceedings such taxes, assessments, licenses, charges, fines or penalties and the non-payment thereof does not, in the opinion of Mortgagee, adversely affect the property or rights of the Mortgagee hereunder. If any such expenses, taxes, assessments, licenses, charges, fines or penalties shall have been charged or levied against the Mortgagee directly and paid by the Mortgagee, the Mortgagor shall reimburse the Mortgagee on presentation of an invoice therefor; provided, however, that the Mortgagor shall not be obligated to reimburse the Mortgagee for any expenses, taxes, assessments, licenses, charges, fines or penalties so paid unless the Mortgagee shall have been legally liable in respect thereof, or unless the Mortgagor shall have approved the payment thereof.

2. Mortgagor will cause to be plainly, distinctly and conspicuously marked on each side of each unit of the Equipment (including Section 4 replacement units) the following words in letters not less than one-half inch in height:

"CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST
COMPANY OF CHICAGO, MORTGAGEE"

Such marking shall be such as to be readily visible and as to indicate plainly the Mortgagee's interest in said Equipment. Mortgagor will not change said wording or

Equipment numbers except in accordance with a statement of a new number, which shall previously have been filed with Mortgagee by Mortgagor and consented to by Bank and filed and recorded with the Interstate Commerce Commission (ICC) in accordance with the provisions of Section 20c of the Interstate Commerce Act (the Act) and with such other authority as may be required by law to perfect the security interest of Mortgagee. Except as above provided, Mortgagor will not allow the name of any person, association or corporation to be placed on the Equipment or any unit thereof, as a designation that might be interpreted as a claim of ownership, provided, however, that Mortgagor may cause the Equipment or units thereof to be lettered with appropriate words or marks for convenience of identification of Mortgagor's interest therein.

3. Mortgagor will at all times maintain the Equipment in good order and repair at its own expense. Mortgagor, so long as it shall not be in default under this Security Agreement shall be entitled to possession and use of the Equipment as herein provided, subject to the terms and conditions herein contained.

4. In the event that any unit of the Equipment shall be worn out, lost, destroyed, irreparably damaged or otherwise rendered unsuitable or unfit for use from any cause whatsoever (hereinafter called a "Casualty Occurrence") prior to the payment of all principal and interest on the Note and all other indebtedness of

Mortgagor under the Loan Agreement, Mortgagor within a reasonable period of time after such event, shall notify the Mortgagee in regard to such Casualty Occurrence. Mortgagor shall, within 60 days after demand, pay to the Mortgagee a sum equal to the fair value as in good repair of the unit or units suffering a Casualty Occurrence. Any money paid to or received by the Mortgagee pursuant to this Section 4 shall be applied, at the option of Mortgagor, evidenced by written notice to the Mortgagee, either (i) to prepay installments of the Note without premium, or (ii) toward the purchase of other railroad equipment, other than passenger equipment or automobile transport racks (unless otherwise approved in writing by Mortgagee) of substantially as good material, construction and character as, and of a cost not less than the fair value in good repair of the unit or units suffering a Casualty Occurrence. A lien on all such other railroad equipment shall be vested in Mortgagee, free from all liens and encumbrances, and shall be subject to all the terms and conditions of this Security Agreement in all respects as though part of the original Equipment herein described.

For the purposes of this Section 4, the fair value of any unit of Equipment in good repair shall be deemed to be the original cost thereof less an amount representing depreciation arising from reasonable wear and tear to be determined by the method in use at the

time in standard railroad practice for determining such depreciation as evidenced by a certificate signed by an officer of the Mortgagor and delivered to the Mortgagee.

Mortgagee, upon request by Mortgagor, shall invest any monies received by it under the provisions of this Section 4 until it is required to apply the same toward the purchase of replacement Equipment, or installment payments, in bonds, notes or other direct obligations of the United States of America or obligations for which the faith of the United States is pledged to provide for the payment of interest and principal as may be designated by Mortgagor, or in open market commercial paper rated prime by a national credit agency, or in certificates of time deposit of commercial banks of the United States. If at any time such government securities, commercial paper or certificates shall be selling for less than the amount invested for same, Mortgagor shall at any time upon Mortgagee's request pay Mortgagee such additional sum as may be required to make up any such deficiency.

5. During the term of this Security Agreement Mortgagor will comply in all respects with all applicable law.

6. Mortgagee shall have the right, by its agents to inspect the Equipment and Mortgagor's records with respect thereto.

7. Mortgagor will satisfy and discharge any and all sums claimed by any party by, through or under Mortgagor or its successors or assigns which, if unpaid, might become a lien or a charge upon the Equipment, or any unit thereof, equal or superior to the security interest of the Mortgagee thereto.

8. All or any of the rights and interest of the Mortgagee under this Security Agreement and the indebtedness secured thereby, may be assigned by Mortgagee and reassigned by an assignee at any time and from time to time. Under any such assignment, the assignor shall give written notice thereof to Mortgagor, stating the identity and post office address of the assignee, and such assignee shall, by virtue of such assignment, acquire all of Mortgagee's right and interest in and to said Security Agreement, indebtedness and Equipment, subject only to such provisions as may be contained in such assignment. From and after the receipt by Mortgagor of a notification of such an assignment, all payments thereafter to be made by Mortgagor shall, to the extent and as directed in said notice, be made to the assignee.

9. Mortgagor will not sell, assign, transfer, or otherwise dispose of the Equipment subject to the lien of this Security Agreement, or transfer possession thereof (except in the ordinary course of interchange with railroad companies) to any other firm, person or corporation without first obtaining the written consent

of Mortgagee to such sale or transfer. Any company resulting from any merger, conversion or consolidation, to which Mortgagor shall be a party, or otherwise succeeding to the business of Mortgagor, shall be successor Mortgagor under this Security Agreement, without said consent, the execution or filing of any paper or any further act.

10. In the event that any one or more of the following events of default shall occur and be continuing, to-wit:

(a) Mortgagor shall fail to pay in full any part of the principal or interest on the Note within five (5) business days after payment thereof shall be due; or

(b) Mortgagor shall, for more than 30 days after Mortgagee shall have demanded in writing performance thereof, fail or refuse to comply with any covenant, agreement, term, condition or provision of this Security Agreement or to make provision satisfactory to Mortgagee for such compliance; or

(c) Mortgagor shall make or suffer any unauthorized assignment or transfer of any interest in or any unauthorized transfer of the right to possession of any Equipment; or

(d) A proceeding in reorganization, bankruptcy or insolvency be instituted by or against Mortgagor or its property and the debtor in reorganization or any trustee or receiver appointed therein

fails to adopt and become bound by the terms of this Security Agreement within sixty (60) days after such appointment or designation;

then at any time after the occurrence of such an event of default, Mortgagee may, upon written notice to Mortgagor and upon compliance with any legal requirements then in force and applicable to such action by Mortgagee, declare the entire principal and interest on the Note and all other indebtedness under the Loan Agreement, immediately due and payable, without further demand, and Mortgagee shall thereupon be entitled to recover judgment for the entire unpaid principal and interest on the Note and other indebtedness, and to collect such judgment out of any property of Mortgagor wherever situated.

Mortgagee may, at its election, waive any such event of default and its consequences and rescind and annul any such declaration by notice to Mortgagor in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such default had existed and no such declaration had been made. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by Mortgagor that time is of the essence of this Security Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

If Mortgagor shall make default as hereinbefore provided, then at any time after the principal and interest on the Note and other indebtedness shall have been declared immediately due and payable as hereinbefore provided and

during the continuance of such default, Mortgagee may upon such further notice, if any, as may be required for compliance with any mandatory requirement of law applicable to the action to be taken by Mortgagee, take or cause to be taken by their agent or agents immediate possession of the Equipment, or any of it, without liability to return to Mortgagor any sums theretofore paid, except as hereinafter in this Section 10 expressly provided, and may remove the same from possession and use of Mortgagor and sell the same as hereinafter provided, and for such purpose may enter upon the premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means available to Mortgagee.

In case Mortgagor shall rightfully demand possession of the Equipment in pursuance of this Security Agreement and shall reasonably designate a point or points upon the lines of a railroad having trackage in the vicinity of Chicago, Illinois, for the delivery of the Equipment to Mortgagee, Mortgagor shall, at its own expense, forthwith and in the usual manner, cause the Equipment to be moved to such point or points on such lines as shall be designated by Mortgagee and shall there deliver the Equipment or cause it to be delivered to Mortgagee, and at the option of Mortgagee, Mortgagee may keep the Equipment on such lines at Mortgagor's expense until Mortgagee shall have sold the same. This Agreement to

deliver the Equipment as hereinbefore provided is of the essence of the agreement between the parties, and, upon application to any court of equity having jurisdiction in the premises, Mortgagee shall be entitled to a decree against Mortgagor requiring specific performance hereof. Mortgagor hereby expressly waives any and all claims against Mortgagee and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner.

If Mortgagor shall make default as hereinbefore provided, then at any time thereafter during the continuance of such default and after the entire indebtedness shall have been declared immediately due and payable as hereinbefore provided, Mortgagee, with or without retaking possession thereof, may at its election sell the Equipment, or any unit thereof, free from any and all claims of Mortgagor or of any other party claiming by, through or under Mortgagor at law or in equity, at public or private sale and with or without advertisement as Mortgagee may determine, all subject to and in compliance with any mandatory requirements of law then in force and applicable to such sale; and the proceeds of such sale, less the attorney's fees and any other expenses incurred by Mortgagee in taking possession of, removing, storing and selling the Equipment, shall be credited on the amount due to Mortgagee.

To the extent permitted by any mandatory requirements of law then in force and applicable thereto, any

sale hereunder may be held or conducted at Chicago, Illinois, at such time or times as Mortgagee may fix (unless Mortgagee shall specify a different place or places, in which case the sale shall be held at such place or places and at such time or times as Mortgagee may specify), in one lot and as an entirety, or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as Mortgagee may determine in compliance with any requirements of law, provided that Mortgagor shall be given written notice of such sale as provided in any such requirements, but in any event not less than ten (10) days prior thereto, by telegram or registered mail addressed to Mortgagor as provided in Section 15 hereof. To the extent not prohibited by any such requirements of law, Mortgagee may itself bid for and become the purchaser of the Equipment, or any of it, so offered for sale without accountability to Mortgagor (except to the extent of surplus money received as hereinafter provided in this Section 10), and in payment of the purchase price therefor Mortgagee shall be entitled to the extent not prohibited as aforesaid to have credited on account thereof all sums due to Mortgagee from Mortgagor under the indebtedness secured hereby.

If, after applying as aforesaid all sums of money realized by Mortgagee under the remedies herein provided, there shall remain any amount due to it, Mortgagor shall pay the amount of such deficiency to Mortgagee upon demand,

and, if Mortgagor shall fail to pay such deficiency, Mortgagee may bring suit therefor and shall be entitled to recover a judgment therefor against Mortgagor. If, after applying as aforesaid all sums realized by Mortgagee, there shall remain any portion of such sums in the possession of Mortgagee, such portion of such sums shall be paid to Mortgagor.

Mortgagor will pay all reasonable expenses, including attorneys' fees, incurred by Mortgagee in enforcing its remedies under the terms hereof. In the event that Mortgagee shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit Mortgagee may recover reasonable expenses, including attorneys' fees, and the amount thereof shall be included in such judgment.

All powers and remedies given the Mortgagee hereunder shall be in addition to any other powers or remedies existing at law or in equity, and all such powers shall be cumulative, the exercise of any one not being a waiver of any other, and they may be exercised from time to time and simultaneously, as often as deemed expedient by Mortgagee. No delay or omission of Mortgagee in the exercise of any power or remedy, and no renewal or extension of any payments due and secured hereby, shall impair any such power or remedy, or be construed to be a waiver of any default or any acquiescence therein.

11. If Mortgagor shall fail or omit to make any payment of principal or interest on the Note or to do anything which, under the provisions of the Loan Agreement or of this Security Agreement, it should make or do, then Mortgagee may itself make such payment or do or cause to be done such thing, but shall not be obligated to do so. Any payment or disbursement so made by Mortgagee, with interest at the legal rate, shall be repaid by Mortgagor to Mortgagee as an additional part of the indebtedness of Mortgagor to Mortgagee and shall be due on demand.

12. Any provision of this Security Agreement prohibited by any applicable law of any State, shall as to such State be ineffective without modifying the remaining provisions of this Security Agreement. Where, however, the conflicting provisions of any applicable State laws may be waived, they are hereby waived by Mortgagor to the full extent permitted by law, to the end that this Security Agreement shall be deemed to be a security agreement and enforced as such.

Mortgagor, to the fullest extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of the Equipment and to sell it, and any other requirements as to the time, place and terms of sale thereof, any other requirements with respect to the enforcement of the Mortgagee's rights hereunder, except such notices as are expressly required by the terms of this Security Agreement, and any and all rights of

redemption.

13. Mortgagor will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register and record any and all further instruments required by law or reasonably requested by Mortgagee for the purpose of such protection of its security interest and rights or for the purpose of carrying out the intention of this Security Agreement.

14. Mortgagor will pay all costs, charges and expenses, except counsel fees of Mortgagee, incident to the preparation, execution, acknowledgment, filing, registering and recording of this Security Agreement, of any instrument supplemental hereto or amendatory hereof, of any declaration of the payment in full of the amount secured hereby, and of any satisfaction or partial satisfaction hereof.

15. Any notice hereunder to Mortgagor shall be deemed to be properly served if delivered or mailed to the Mortgagor at 141 N. JACKSON, Chicago, Illinois 60604, or at such other address as may have been furnished in writing to Mortgagee by Mortgagor. Any notice hereunder to Mortgagee shall be deemed to be properly served if delivered or mailed to Mortgagee at 231 South La Salle Street, Chicago, Illinois, 60693, or at such other address or addresses, or in accordance with such other directions as may have been furnished in writing to Mortgagor by Mortgagee.

16. The terms of this Security Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Illinois.

IN WITNESS WHEREOF, GARVEY GRAIN, INC. has caused these presents to be executed and its seal to be hereunder affixed by its duly authorized officers pursuant to lawful resolutions, and CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, has caused these presents to be executed and its seal to be affixed by its duly authorized officers, all as of the 27 day of August, 1973.

GARVEY GRAIN, INC.

By C. H. Swaby
President

(SEAL)

Attest: R. J. Kuerten
Assistant Secretary/TREASURER

CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO

By Francis Stump
Vice President

(SEAL)

Attest: Donald W. Gaff Jr.
Assistant Cashier
COMMERCIAL BANKING OFFICER

STATE OF ILLINOIS)
) SS:
COUNTY OF COOK)

On this 27th day of August, 1973, before me personally appeared C. W. SWABY, to me personally known, who, being by me duly sworn, says that he is President of GARVEY GRAIN, INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation; that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[NOTARIAL SEAL]

F. C. Behrendt
Notary Public, Cook County, Illinois

My Commission expires: 5/22/77

STATE OF ILLINOIS)
) SS:
COUNTY OF C O O K)

C. W. SWABY, being first duly sworn, deposes and says that he is President of GARVEY GRAIN, INC., a corporation organized and existing under the laws of the State of KANSAS, which executed the foregoing Security Agreement to which this affidavit is appended; that the consideration of said Security Agreement was actual and adequate; that the same was given in good faith for the purposes set forth in said Security Agreement, and the CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, the secured party named in said Security Agreement, has delivered to said GARVEY GRAIN, INC., and said GARVEY GRAIN, INC. has received, a duplicate copy of said Security Agreement.

C. W. Swaby

SUBSCRIBED AND SWORN TO before me, this 27th day of August, 1973.

F. C. Behrendt
(Notary Public)
My Commission expires:

[NOTARIAL SEAL]

STATE OF ILLINOIS }
COUNTY OF C O O K) SS:

On this 27th day of August, 1973, before me personally appeared FRANK C. RATHJE, to me personally known, who, being by me duly sworn, says that he is a Vice President of CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation; that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

F. C. Behrendt
Notary Public

[Notarial Seal]

My Commission expires 5/22/77